

KACHROO LEGAL SERVICES P.C.

Gaytri D. Kachroo

245 Park Avenue, 39th Floor

New York, NY 10167

Tel: (212) 372-8939

Fax: (617) 864-1125

*Attorneys for The Diana Melton Trust, Dated 12/05/05*

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES INVESTOR PROTECTION	)	
CORPORATION,	)	
	)	
Plaintiff-Applicant,	)	Adv. Pro. No. 08-01789 (BRL)
	)	
v.	)	SIPA LIQUIDATION
	)	
BERNARD L. MADOFF INVESTMENT	)	(Substantively Consolidated)
SECURITIES LLC,	)	
	)	
Defendant.	)	
	)	
In re:	)	
	)	
BERNARD L. MADOFF,	)	
	)	
Defendant.	)	
	)	

**APPELLANTS' STATEMENT OF ISSUES ON APPEAL AND  
DESIGNATION OF ITEMS TO BE INCLUDED IN THE RECORD**

NOW COMES Appellant, The Diana Melton Trust, Dated 12/05/05 (“DMT”), by and through its undersigned counsel, and, pursuant to Rule 8006 of the Federal Rules of Bankruptcy Procedure, hereby identifies the following issues to be presented on appeal and designates the items to be included in the record on appeal to the United States District Court for the Southern District of New York from the Memorandum Decision of the United States Bankruptcy Court for the Southern District of New York (Hon. Stuart M. Bernstein) (the “Bankruptcy Court”), dated December 5, 2014, and entered in the above-captioned proceeding on December 8, 2014 (ECF Doc. #8680) (the “Decision”).

**STATEMENT OF ISSUES TO BE PRESENTED ON APPEAL**

1. Whether the Bankruptcy Court erred as a matter of law in affirming the application of the Trustee’s Inter-Account Method to the determination of transfers between accounts.
2. Whether the Bankruptcy Court erred in accepting the Trustee’s Inter-Account Method for the determination of transfers between accounts, resulting in a disparate treatment of equivalent customer claims, thereby creating an arbitrary and inequitable outcome.
3. Whether the Bankruptcy Court’s error in accepting the Trustee’s Inter-Account Method results in an erroneous and improper interpretation of the Securities Investor Protection Act (“SIPA”), 15 U.S.C. § 78aaa, *et seq.*
4. Whether the Bankruptcy Court, to the extent it applied the “Net Equity Decision” of the Second Circuit Court of Appeals in *Sec. Investor Prot. Corp. v. Bernard L. Madoff Inv. Sec. LLC (In re Bernard L. Madoff Inv. Sec. LLC)*, 654 F.3d 229 (2d Cir. 2011), erred in misinterpreting that decision and/or exceeding the proper scope of that decision.

**DESIGNATION OF ITEMS TO BE INCLUDED IN THE RECORD ON APPEAL**

<b>ITEM NO.</b>	<b>FILING DATE</b>	<b>ECF NO.</b>	<b>DESCRIPTION</b>
1.	12/19/2014	8843	Notice of Appeal of Memorandum Decision Affirming Application Of The Trustees Inter-Account Method To The Determination Of Transfers Between BLMIS Accounts.
2.	12/08/2014	8680	Memorandum Decision Affirming Application of the Trustees Inter-Account Method to the Determination of Transfers Between BLMIS Accounts.
3.	03/31/2014	6084	Trustee's Motion Affirming Application of Net Investment Method to Determination of Customer Transfers Between BLMIS Accounts
4.	03/31/2014	6085	Memorandum of Law in Support of Trustee's Motion Affirming Application of Net Investment Method to Determination of Customer Transfers Between BLMIS Accounts
5.	05/16/2014	6732	Claimants' Omnibus Opposition to the Trustee's Motion Affirming Application of Net Investment Method to Determination of Customer Transfers Between BLMIS Accounts
6.	05/21/2014	6792	The Diana Melton Trust, Dated 12/05/05, Opposition to the Trustee's Motion Affirming Application of Net Investment Method to Determination of Customer Transfers Between BLMIS Accounts
7.	06/06/2014	6926	Reply Memorandum of Law in Support of Trustee's Motion Affirming Application of Net Investment Method to Determination of Customer Transfers Between BLMIS Accounts
8.	06/06/2014	6927	Reply Memorandum of Law of the Securities Investor Protection Corporation in Support of the Trustee's Determination Regarding Inter-Account Transfers

Dated: January 2, 2015

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**s/ Gaytri D. Kachroo**

Gaytri Kachroo  
245 Park Avenue, 39th Floor  
New York, NY 10167  
Tel: (212) 372-8939  
Fax: (617) 864-1125

*Attorneys for The Diana Melton Trust, Dated 12/05/05*

**CERTIFICATE OF SERVICE**

I, Gaytri Kachroo, hereby certify that on the 2nd day of January, 2015, I electronically filed APPELLANTS' STATEMENT OF ISSUES ON APPEAL AND DESIGNATION OF ITEMS TO BE INCLUDED IN THE RECORD with the Clerk of the Court using the CM/ECF system, which automatically sent notification of such filing to the parties in this action that have elected to receive electronic notification through the CM/ECF system.

Respectfully submitted,

KACHROO LEGAL SERVICES P.C.

/s/ **Gaytri D. Kachroo**

Gaytri Kachroo  
245 Park Avenue, 39th Floor  
New York, NY 10167  
Tel: (212) 372-8939  
Fax: (617) 864-1125

*Attorneys for The Diana Melton Trust, Dated 12/05/05*